

July 10, 2013

Richard Bode  
Chief – Greenhouse Gas Emission Inventory Branch  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95812-2828

**Re: Pacific Gas and Electric Company's Comments on the Air Resources Board Workshop  
to Discuss Amendments to the Mandatory Reporting Regulation**

Dear Mr. Bode:

Pacific Gas and Electric Company (PG&E) welcomes the opportunity to submit these comments on the Air Resources Board's (ARB) June 26, 2013 workshop to discuss potential updates to the Mandatory Reporting Regulation (MRR).

**I. INTRODUCTION**

PG&E's comments on the staff proposals are detailed in Section II below. The following summarizes the key issues:

- Accuracy Requirements For Reporting Entities And Verifiers Should Be Consistent
- Financial Transaction Meters Which Meet Accuracy Requirements Of The California Public Utilities Commission, The Securities and Exchange Commission, Or The U.S. Department of Transportation Should Be Authorized Under the MRR
- Reporting Entities Should Include Primary Account Identification Number
- Natural Gas Supplier Reporting Threshold Should Not Be Lowered
- Staff Proposal For Change in Verification Deadline Should Allow APCR Participation By All Parties
- Reporting Deadlines and Verification Requirements Should Not Be Modified
- Prevent Double-counting in Instances of "Reverse Wheeling"
- Electric Power Entity Reporting Requirements Should Be Clarified
- ARB Should Modify its Measurement Accuracy Requirements
- Reference Should be Removed

## II. DISCUSSION

### A. Section 95131. Accuracy Requirements For Reporting Entities And Verifiers Should Be Consistent

The current regulation contains conflicting requirements for reporting entities and verifiers that could unnecessarily delay the verification process and result in an adverse verification statement. Inconsistencies between the requirements in Section 95103 for 80% data capture rate and +/- 5% accuracy requirement and the requirement in Section 95131 for reporting entities to “make any possible improvements or corrections” should be reconciled to ensure consistency within the regulation and avoid any potential non-compliance issues that could arise. It is unclear how ARB defines “any possible improvements or corrections,” which could result in inconsistent interpretations across verifiers and possibly disadvantage particular entities whose verifiers operate from a literal understanding of this provision. This could result in an adverse verification statement over a trivial difference in rounding if the change cannot be implemented before the verification deadline. To resolve this issue, PG&E proposes the following modification to Section 95131:

(b)(9) *Emissions Data Report Modifications.* As a result of data checks by the verification team and prior to completion of a verification statement(s), the reporting entity must correct ~~make any possible improvements or corrections to the~~ or revise its submitted emissions data report in order to comply with the completeness and accuracy provisions of §95103, and submit a revised emissions data report to ARB...

### A. Section 95103. Financial Transaction Meters Which Meet Accuracy Requirements Of The California Public Utilities Commission, The Securities and Exchange Commission, Or The U.S. Department of Transportation Should Be Authorized Under the MRR

In compliance with California Public Utilities Commission (CPUC) General Order 58A (G.O. 58A), PG&E utilizes Utility Standard S4300 to assure measurement accuracy for its large-volume meters. This standard also meets and exceeds the  $\pm 5\%$  accuracy requirements of the MRR (95103 (k)). Although S4300 measurement accuracy standards is applied on all PG&E large-volume meters, a small subset of these meters do not meet the strict regulatory definition of a “financial transaction meter” because the gas is delivered to PG&E- owned facilities or facilities where PG&E has a financial interest in the volume of gas delivered.

PG&E applies measurement accuracy standards to all its large-volume meters. However, PG&E is concerned about the impact of establishing a separate standard for a subset of transaction meters, particularly since the same small group of technicians maintains all the large-volume meters across the company’s service territory. Establishing unique requirements for a small subset of meters will increase operational burdens and MRR non-compliance risks, including:

- Non-conformance in the event that technicians do not meet specific requirements of the MRR; for example, not photographing an orifice plate during calibration or not meeting the specific calibration frequency in 17 CCR §95103(k)(4);
- Non-conformance due to technicians misinterpreting non-financial transaction meter requirements or failure to communicate revised contractual (tolling) agreements to the maintenance technicians;
- Operational risk of down-time if measurement hardware is calibrated at a frequency other than in PG&E's standards; and
- Increased burden and cost to create and manage MRR-specific training for a small subset of meters.

All meters maintained to a common standard, which meet or exceed the  $\pm 5\%$  accuracy requirements of the MRR (95103 (k)), should have the same measurement accuracy standard applied. PG&E does not believe that the measurement accuracy requirement of the MRR was intended to create such a double-standard where some meters are exempt from 17 CCR §95103(k) solely on the basis of being financial transaction meters.

PG&E requests staff introduce a new provision in Section 95103(k)(7) that clarifies PG&E's large-volume meters described above are equivalent to financial transaction meters as defined in the MRR. PG&E recommends the following addition to Section 95103(k)(7):

(C) Meters used in the natural gas supply industry meeting the measurement accuracy requirements of the California Public Utilities Commission General Order 58A, U.S. Securities and Exchange Commission or U.S. Department of Transportation.

#### **B. Section 95103. Reporting Entities Should Include Primary Account Identification Number**

During the June 26 workshop, staff proposed an amendment requiring reporting entities eligible for Cap-and-Trade auction revenue allocation by the CPUC to report a primary electricity account identifier into which revenue should be deposited. This is consistent with PG&E's proposals for emission intensive trade exposed (EITE) entities revenue return at the CPUC. Requiring reporting entities to provide a service account identification number (SA\_ID), in the case of PG&E customers, would significantly ease revenue return.

PG&E encourages staff to broaden the scope of this amendment to include all reporting entities regardless of CPUC revenue allocation. This change would facilitate verification of the Cost of Implementation Fee (COI) invoice and any eventual revenue and cost allocation to natural gas customers for which PG&E has a natural gas compliance obligation beginning in 2015. PG&E suggests the following modification to Section 95103(a):

- (1) Facility name, assigned ARB identification number, physical street address including the city, state and zip code, air basin, air district, county, geographic location, natural gas

supplier name, natural gas supplier customer identification number, natural gas supplier service account identification number<sup>1</sup>, and annual billed MMBtu (10 therms = 1 MMBtu).

### **C. Natural Gas Supplier Reporting Threshold Should Not Be Lowered**

PG&E does not support lowering the natural gas fuel supplier reporting threshold for end-user volumes from ~ 25,000 MT CO<sub>2</sub>e to ~10,000 MT CO<sub>2</sub>e. California Information Practices Act, Calif. Civil Code Section 1798.14, provides that “Each agency shall maintain in its records only personal information which is relevant and necessary to accomplish a purpose of the agency required or authorized by the California Constitution or statute or mandated by the federal government.” Lowering the reporting threshold is not supported by the aforementioned California Information Practices Act provision for the following reasons: this requirement would duplicate current reporting by end-users under the existing ARB reporting and compliance rules; and would violate the privacy rights of PG&E customers as this information may be confidential or competitively sensitive. PG&E has no objection to reporting this information if it is sufficiently aggregated or if personally identifiable customer-specific information is sufficiently excluded to ensure the identity of the customer cannot be derived.

PG&E understands staff intends to modify the current reporting system to allow for spreadsheet upload rather than complicated manual input. We fully support this effort. However, if this initiative is not completed in time for reporting under the new regulation, collecting and disclosing this information will further burden PG&E. Manual entry is burdensome, time consuming, and introduces opportunities for human error that will only be compounded by this new requirement.

### **D. Staff Proposal For Change in Verification Deadline Should Allow APCR Participation By All Parties**

During the June 26 workshop, staff acknowledged that some entities will not know their compliance obligations until after registration closes for the September Allowance Price Containment Reserve (APCR) sale. As one of the entities that will be adversely affected, PG&E will be subject to an abbreviated compliance timeline as a supplier of natural gas. For this reason we would like to see this constraint alleviated. PG&E appreciates staff’s recognition of our current predicament. Without an auction or APCR sale after obligations are known but prior to the compliance obligation due date, natural gas utilities and their customers will be more vulnerable to price risk since they will be obligated to procure any additional compliance instruments to meet their obligations in the secondary market within less than a month.

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<sup>1</sup> We understand not all utilities refer to this customer identification number as “SA\_ID.” A uniform alternative such as “primary account identifier” could be applied.

Unfortunately, ARB's proposed solution of moving the verification deadline forward two weeks would not resolve this issue. Under the current regulation, ARB will provide natural gas suppliers with a calculation of their compliance obligations 30 days after the verification deadline. Moving the verification deadline forward two weeks and thus ARB's provision of the natural gas compliance obligation calculation to mid-September would still preclude PG&E from meeting the APCR sale registration deadline of September 9, if needed to satisfy its compliance obligation on November 1. We therefore remain concerned about this issue and look forward to working with ARB staff to address this problem.

#### **E. Reporting Deadlines and Verification Requirements Should Not Be Modified**

PG&E does not support a change to the reporting deadlines as our settlement data and ARB's Cal e-GGRT tool will not be available in time to satisfy this reporting requirement.

While we appreciate staff's "reasonable assurance" proposal, ARB should clearly state its desire for verifiers to review the GHG monitoring/inventory plan of its client. This language should be drafted in a way that clarifies any deficiencies should not result in "non-conformance."

Under the current regulation, PG&E will require 5 full verifications over a ten-year period. Conducting repetitive site visits with the same verifier for 13 reports proves unnecessarily burdensome, particularly when no significant changes to operations are made. In addition, the added value of full site visits at the start of each compliance period is unclear. PG&E therefore recommends site visits only in instances of a new verification body or for specific facilities that have made significant changes in operations (e.g., dropped below or risen above the reporting and/or compliance threshold). This clarification should be made to Section 95131(b)(3) or 95130(a)(1).

#### **F. Section 95102. Prevent Double-counting in Instances of "Reverse Wheeling"**

PG&E believes ARB does not intend energy sourced inside of California, wheeled out and then back into the state to be included in import calculations as this would qualify as "double counting." This generation should already be reported by the in-state generating facility. However, the current MRR language does not mention the e-Tag's origin which may lead entities to report these trades as imports with an associated GHG obligation.

Section 95102(a)(140): "Electricity importers" deliver imported electricity. For electricity that is scheduled with a NERC e-Tag to a final point of delivery inside the state of California, **the electricity importer is identified on the NERC e-Tag as the purchasing-selling entity (PSE) on the last segment of the tag's physical path with the point of receipt located outside the state of California and the point of delivery located inside the state of California.**

To remedy this issue, PG&E recommends the following modification:

For electricity that is scheduled with a NERC e-Tag that has a first point of receipt outside the state of California to a final point of delivery inside the state of California.....

#### **G. Electric Power Entity Reporting Requirements Should Be Clarified**

PG&E looks forward to the opportunity to review any changes to documentation requirements for specified and Asset Controlling Supplier (ACS) power transactions. We will be able to provide more detailed feedback at that time. We request that any changes ensure PG&E's compliance obligation under the Cap-and-Trade program accurately reflects the low-GHG content of our portfolio. The staff proposal should not create obstacles for importers seeking to claim lower GHG emissions factors for electricity from genuine low-carbon resources.

While PG&E supports the staff proposal to pass on a compliance obligation to PacifiCorp under the Energy Imbalance Market (EIM) as this will ensure a more equitable market, the current California Independent System Operator (CAISO) draft proposal does not clearly indicate this possibility. We therefore encourage ARB MRR staff to advise the CAISO on this issue.

#### **H. Section 95103. ARB Should Modify its Measurement Accuracy Requirements**

Section 95103(k)(6)(A)(1)(b) requires that the primary element (e.g. orifice plate) "be photographed on both sides prior to any treatment or cleanup of the element to clearly show the condition of the element as it existed in the pipe." In the case of pipeline quality natural gas flowing across an orifice plate, it is highly unlikely that the condition of the plate will change. Additionally, routine meter calibration is a good indicator of orifice plate health. Therefore, PG&E suggests that flow meters measuring natural gas be exempt from this requirement.

#### **I. Section 95153. Reference Should be Removed**

It appears as though Section 95153(p) incorrectly refers to Section 95152 (i)(5) (equipment and pipeline blow downs). PG&E requests this reference be removed.

### **III. CONCLUSION**

Thank you for the opportunity to submit these comments. PG&E recommends ARB carefully review these suggestions and incorporate the recommended changes into the forthcoming regulatory amendments. We look forward to continuing our work with ARB to ensure the successful implementation of the MRR.

Very truly yours,

/s/

Mark C. Krausse

Richard Bode  
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cc: David Edwards, via email  
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Syd Partridge, via email